



**COUNCIL ORDINANCE NO. 20616**

**COUNCIL BILL 5210**

**AN ORDINANCE TO FUND COMMUNITY SAFETY SERVICES  
WITH A PAYROLL TAX AND ADDING NEW SECTIONS TO THE  
EUGENE CODE, 1971.**

**ADOPTED: June 10, 2019**

**SIGNED: June 11, 2019**

**PASSED: 6:2**

**REJECTED:**

**OPPOSED: Clark, Taylor**

**ABSENT:**

**EFFECTIVE: July 12, 2019**



## ORDINANCE NO. 20616

### **AN ORDINANCE TO FUND COMMUNITY SAFETY SERVICES WITH A PAYROLL TAX AND ADDING NEW SECTIONS TO THE EUGENE CODE, 1971.**

#### **The City Council of the City of Eugene finds as follows:**

**A.** Being safe, and feeling safe, is important to everyone. The City, through its community safety services, strives to make Eugene a safe and welcoming place for everyone to live, work, and do business.

**B.** The City's community safety services include the Eugene Police Department, the Eugene-Springfield Fire & EMS Department, Eugene Municipal Court, and multi-departmental efforts aimed at addressing and preventing homelessness. These City services provide the foundation needed to have accessible parks and natural resources, a prosperous economy, thriving arts and culture, and healthy, safe neighborhoods.

**C.** During the recession the City eliminated over 20% (\$30 million) of the general fund operating budget, primarily through efficiencies, reorganizations and trimming of some services. Recognizing the importance of providing safety services, during the recession and continuing today, the public safety budget has remained steady, at around 60% of the City's total general fund budget.

**D.** To better serve our community's expanding and changing public safety needs, the City has worked over the last five years to optimize available resources and become even more efficient in its provision of services. Programs such as the Community Outreach Response Team, Mental Health Court, and Community Court provide alternative paths out of the traditional public safety system, helping reduce overall demands on the system. Eugene-Springfield Fire implemented Basic Life Support response for non-life-threatening calls to the Fire Department and added an Advanced Life Support ambulance unit which has improved patient outcomes for some of the most critical emergency medical calls for service across both Eugene and Springfield. Increased CAHOOTS services provide mobile crisis intervention that responds to thousands of police calls for service every year providing critical behavioral health services. Using grant funding, Municipal Court was able to make improvements that reduced their case backlog by 20%. While all of these programs are positive additions to our community safety system, more needs to be done.

**E.** The community's need for safety services has continued to grow, outpacing City resources and resulting in critical gaps in the system. From 2014 to 2017, daily average calls for police services increased 21%, but staffing has remained flat. Homicide, rape, robbery, assault, sex offenses and family offenses have increased by 18% in that same time. Police response time has increased 86% from 23 minutes in 2014 to 42 minutes in 2017. Police are unable to respond to 1 in 3 non-life-threatening calls for service, an increase of 40%. Eugene Municipal Court handles 5,000 misdemeanor criminal cases (like theft, disorderly conduct, or driving under the influence) annually – second in the state to Multnomah County's Circuit Court. The number of unsheltered homeless adults in Eugene is significantly higher than in many other similarly-sized communities.

**F.** It is not just statistics that demonstrate the City's need for increased community

safety resources; community members have said there is a need too. A survey of Eugene voters in July 2018 demonstrated that the community strongly supports addressing the City's public safety needs. A vast majority of survey respondents (84%) believe that City officials should take steps to address issues that impact public safety. Follow-up community outreach confirmed the community's very real and growing concern about a delayed, or no, police response due to police resource levels.

**G.** Seeing the immediate, critical need for additional community safety services, in September 2018, the City Council approved spending \$8.6 million to add some limited capacity and maintain funding for several critical programs (often referred to as the "bridge funding"). When appropriating the bridge funding, the Council made clear its intent to find a long-term, sustainable funding source for the community safety system.

**H.** Without a new, permanent source of funds, the community safety services funded by the \$8.6 million bridge will end, and the gaps in the system will continue to widen. Specifically, response times will keep getting longer, an increasing number of calls will go unanswered, a higher percentage of violations and citations will not make it to the courts, safety concerns in parks, along pathways and in neighborhoods will continue to go unsolved, the little time currently available for proactive policing will dissipate, and fewer opportunities will be available to move homeless community members onto paths of wellness.

**I.** Making some of the systematic changes needed to alter the current trajectory of our safety system will cost an additional \$23.6 million per year. The \$23.6 million funding need is based on the following package of community safety services:

- Police services, including 40 patrol officers, 5 detectives, 4 sergeants, 10 community service officers, 9.5 staff for 911, animal welfare and traffic safety officers, and evidence control and forensic analysts.
- Fire and emergency medical services, including the creation of a 911 triage program and field triage/community response unit.
- Municipal court and prosecution services, including opening third courtroom, expanding community court and mental health court programs and adding 10 jail beds and increased jail services.
- Prevention and homelessness services, including adding emergency shelters, a day center and funding after school programs at Title 1 schools.

**J.** To fund the above-described package of services, the \$23.6 million would generally be allocated among the services as follows: 65% for police services; 10% for fire and emergency medical services; 15% for municipal court and prosecution services; and, 10% for prevention and homelessness services.

**K.** By increasing capacity and services with an additional \$23.6 million in funding, the community can expect that, as the safety system ramps-up over the next one to five years, the following will occur:

- Faster and more responsive police services.
- Increased proactive community policing by sworn officers, achieved through the use of Community Response Units and Community Service Officers (CSOs) that can provide public safety support to assist with non-emergency calls like routine crashes and retrieving stolen property.

- Crime deterrence through the establishment of a 10-person Street Crimes Unit that will proactively deter crimes and increase officer presence in neighborhoods.
- Implementation of prevention efforts aimed at keeping people and youth off the streets, such as adding homeless services that help people stabilize and improve their lives, strengthening the network of support with nonprofit and medical organizations to help reduce the number of people who chronically use the system, and growing youth programs to engage and help at-risk youth, including after-school programs, 15<sup>th</sup> Night and inclusion programs.
- More people who commit crimes will be held accountable through the addition of detectives to investigate crimes, the opening of a third courtroom to resolve cases more quickly, the addition of more prosecutors, court appointed attorneys and court staff, and the increase in the number of jail beds and probation officers.

**L.** Providing the community safety services necessary to achieve the above-described outcomes requires a new, long-term, sustainable funding source. As part of the effort to find a new funding source, the Council directed the formation of a Community Safety Revenue Team to make recommendations to the City Manager. The Revenue Team focused on identifying a funding mechanism that could raise the amount needed, would be stable and flexible, fair and feasible. The Revenue Team recommended a modest payroll tax to address the significant and urgent gaps in our system and to provide the services that those who live, visit and work in Eugene need, expect and deserve.

**M.** A payroll tax on both employers and employees provides the funds needed to bring our community safety services up to the level that the community is expecting and entitled to receive. The addition of this separate, dedicated, revenue source for community safety services, together with the City's current, stable budget, will make a real difference in how community safety services are provided throughout the City.

**THE CITY OF EUGENE DOES ORDAIN AS FOLLOWS:**

**Section 1.** Sections 3.720, 3.722, 3.724, 3.726, 3.728, 3.730, 3.732, 3.734, 3.736, and 3.738 of the Eugene Code, 1971, are added to provide as follows:

**Community Safety Payroll Tax**

**3.720** **Payroll Tax – Purpose.** The provisions contained in sections 3.720 to 3.738 of this code are for the purpose of providing funding to increase community safety services through the adoption of a dedicated tax on wages, hereinafter referred to as the payroll tax.

**3.722** **Payroll Tax - Definitions.** For the purposes of sections 3.720 through 3.738 of this code, the following words and phrases shall have the following meanings, unless the context requires otherwise:

**City.** The City of Eugene.

**City Manager.** The city manager or the city manager's designee.

**Employer.** Any of the following:

- (a) A person who is in such relation to another person that the person may control the work of that other person and direct the manner in which it is to be done;
- (b) An officer or employee of a corporation, or a member or employee of a partnership, who as such officer, employee or member is under a duty to perform the acts required of employers by ORS 316.167, 316.182, 316.197, 316.202 and 316.207;
- (c) The State of Oregon or any political subdivision of the state; or
- (d) An independent contractor.

**Employee.** An individual who renders personal services at a fixed rate to an employer if the employer either pays or agrees to pay for personal services or permits the individual to perform personal services.

**Fixed Rate.** Compensation based on the time spent in the performance of the services, on the number of operations accomplished or on the quantity produced or handled.

**Independent Contractor.** As defined in ORS 670.600.

**Minimum Wage Employee.** An employee working for the minimum wage rate established by ORS 653.025.

**Tax Administrator.** The city manager, the manager's designee, or any person or entity with whom the city manager contracts to perform those duties. More than one person or entity can concurrently serve as the tax administrator.

**Wages.** As defined in ORS 267.380(1)(c), (2)(b) – (c), and (2)(e) – (j).

**3.724**

**Payroll Tax – Tax Imposed.**

- (1) A tax is hereby imposed on every employer, except the federal government, State of Oregon or any political subdivision of the state, with a physical address in the city at a rate of 0.0021 of wages paid by the employer.
- (2) Notwithstanding subsection (1) of this section, the tax rate imposed on the first \$100,000 of wages paid by an employer with two or less employees is 0.0015.
- (3) A tax is hereby imposed on every employee working at an employer located in the city at a rate of 0.0044 of employee's wages.
- (4) Notwithstanding subsection (3) of this section, the tax rate imposed on every non-minimum wage employee making a wage of \$15.00/hour or less working at an employer located in the city is 0.0030 of the employee's wages.
- (5) Notwithstanding subsection (3) of this section, the tax rate imposed on every minimum wage employee working at an employer located in the city is 0.0000 of the employee's wages.
- (6) If an employer located in the city also has one or more business locations outside the city, no tax is owed by the employer or the employee for those hours an employee works at an employer's business location that is outside the city.
- (7) Every employer at the time of the payment of wages shall deduct and withhold from the total amount of the wages paid to employees an amount equal to the

total amount of wages multiplied by the rate of tax imposed under subsection (3), (4) or (5) of this section.

- 3.726** **Payroll Tax – Payment and Remittance.** The employer shall pay the tax imposed by 3.724(1) and (2), and remit the tax imposed by 3.724(3), (4) and (5), to the tax administrator quarterly, or less frequently than quarterly if directed by the rules adopted under section 3.732 of this code. The tax administrator is authorized to exercise all supervisory and administrative powers with regard to the enforcement, collection and administration of the wage tax, except any administrative rules may only be adopted by the city manager under section 3.732.
- 3.728** **Payroll Tax – Use.** Payroll tax revenue shall only be used to fund:
- (1) Police services, including but not limited to, patrol officers, detectives, sergeants, community service officers, 9-1-1 staff, animal welfare and traffic safety officers, and evidence control and forensic analysts;
  - (2) Fire and emergency medical services, including but not limited to, the creation of a 9-1-1 triage program and a field triage/community response unit;
  - (3) Municipal court and prosecution services, including but not limited to, staffing a third courtroom, expanding community court and mental health court programs and adding 10 jail beds and increased jail services;
  - (4) Prevention and homeless services, including but not limited to, adding emergency shelters, a day center and funding after school programs at Title I schools; and,
  - (5) Administration of the payroll tax.
- 3.730** **Payroll Tax – Interest and Penalties.** The city manager shall adopt administrative rules pursuant to section 2.019 of this code to specify the amount of penalties and interest that an employer must pay if the employer fails to timely pay or remit any tax imposed by this code. The amount of penalties and interest established by administrative rule shall be consistent with comparable provisions of state law.
- 3.732** **Payroll Tax – Implementing Rules.** The city manager may adopt regulations, procedures, forms, guides and written policies pursuant to section 2.019 of this code for implementation of sections 3.720 through 3.738 of this code, including but not limited to interest and penalties, collection and enforcement, appeals, and further clarification of the definitions contained in 3.722.
- 3.734** **Payroll Tax – Appeal.** Any person aggrieved by any decision under this code may appeal the decision in the manner provided by administrative rule adopted pursuant to section 2.019 of this code. The appeal shall be heard and determined as provided in the adopted administrative rule.
- 3.736** **Payroll Tax - Annual Audit.** The city manager shall contract with an outside auditor to prepare an annual written report on the use of the payroll tax revenue. The auditor shall ascertain and report on whether the tax revenue was used in compliance with the purpose and use set forth in sections 3.720 and 3.728 of this code. The city manager shall provide the report to the Council and make the report publicly available.
- 3.738** **Payroll Tax - Citizen Advisory Board.** The city manager shall convene a Citizen Advisory Board. The Citizen Advisory Board shall prepare an annual report, separate and distinct from the report prepared by the outside auditor, documenting

the city's use of the tax revenue and noting whether the tax revenue was spent in compliance with the purpose and use set forth in sections 3.720 and 3.728 of this code. The city manager shall provide the Citizen Advisory Board's report to the Council and make the report publicly available.

**Section 2.** Payroll tax revenues shall be budgeted and accounted for in a separate fund that is easily identifiable by members of the public.

**Section 3.** The purpose of the payroll tax is to raise additional revenue to be able to increase community safety services beyond what the City was able to fund in FY18 (before the \$8.6 "bridge" funding). Therefore, the Council will use, in accordance with Oregon budget law, the payroll tax revenues to supplement, and not replace, funding used in FY18 for community safety services.

**Section 4.** Notwithstanding Section 3, the Council may use payroll tax revenues to replace \$840,000 of downtown police services funding that is currently coming from the parking fund.

**Section 5.** In FY27, the Citizen Advisory Board established by section 3.738 of this code shall conduct a comprehensive review of the city's community safety system, use of the payroll tax revenues, and compliance with Section 3 and shall prepare and deliver a report to the city manager no later than March 31, 2027. The report shall include, but is not limited to, an analysis of the economic impacts of the payroll tax on businesses in the city and an analysis of the progress made toward achieving the following system outcomes: 1) increase the number of minutes per hour officers are available for community policing (currently, officer availability is approximately five minutes per hour); 2) reduce the number of calls for service per day to which no city personnel are dispatched to respond (currently, there is no response to approximately 80 calls for service per day); and, 3) reduce the number of minutes it takes city personnel to respond to non-emergency requests for service (currently, non-emergency response time is approximately 42 minutes).

**Section 6.** The city manager shall provide the Citizen Advisory Board's report to the Council and make the report publicly available. After receiving the report, the Council shall hold

a public hearing to hear community input regarding whether the payroll tax is accomplishing the objectives specified in Section 5, this Ordinance's findings, and the purpose specified in section 3.720. After reviewing the Citizen Advisory Board's report and public testimony, the City Council shall determine whether the payroll tax should continue. If the Council concludes that the payroll tax should continue, the Council shall adopt a resolution not later than June 30, 2027, referring continuation of the payroll tax to the voters. Unless the Council adopts such a resolution by June 30, 2027, and the voters subsequently vote to continue the payroll tax, the payroll tax shall terminate with respect to wages earned after December 31, 2028.

**Section 7.** No tax shall be owed under section 3.724 of this code on wages earned prior to July 1, 2020. The date after June 30, 2020, on which taxes shall first be owed shall be established by administrative rule adopted pursuant to section 2.019 of this code.

**Section 8.** The City Recorder, at the request of, or with the consent of the City Attorney, is authorized to administratively correct any reference errors contained herein, or in other provisions of the Eugene Code, 1971, to the provisions added, amended or repealed herein.

Passed by the City Council this

10<sup>th</sup> day of June, 2019.

  
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City Recorder

Approved by the Mayor this

11 day of June, 2019.

  
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Mayor